



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

March 22, 2011

To: Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

ISSUES RELATED TO PROGRAMS UNDER PROPOSED STATE BUDGET REALIGNMENT

On February 15, 2011, the Board of Supervisors discussed Agenda Item No. S-1 relating to the proposed State Budget realignment impacting Health and Human Services and Public Safety. Supervisor Antonovich directed this office to report back on the potential savings to the Department of Children and Family Services' (DCFS) budget if the Department contracted out in-house programs right now, such as back-end case management services for family reunification, permanency and self-sufficiency.

Contracting out business functions to an external provider, often referred to as outsourcing, is an extensive process and can pose several challenges. First, there would need to be a comprehensive discussion about the broader vision of the department that helps determine which functions can be contracted out and which services make more sense to remain in-house. Subsequently, a Proposition A cost analysis would need to be done to determine feasibility and identify any potential cost savings. Lastly, potential staffing issues would have to be addressed.

To determine which functions can be contracted out, there needs to be a comprehensive planning process where you engage internal and external stakeholders that help shape the overall vision and direction of the department. This process often takes two to three years and stakeholders are asked to:

- Determine which services within family reunification, permanency and self-sufficiency lend themselves to be contracted out? Does it make sense to contract out the entire continuum of care of certain components?

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

- Understand the overall impact on front-end services due to contracting out the back-end services. We will need to clearly document the hand offs required between the front-end and the back-end.
- Develop a comprehensive strategic plan that clearly articulates how the department can develop a cohesive end-to-end process, with clearly defined roles and responsibilities and overall performance outcomes and measures.
- Document the changing role of the department. Understanding that the department will have to reorganize in order to develop strong oversight functions to ensure that the contractors are performing quality services and that children safety is not compromised.
- Understand and respond to the labor management issues that will arise.
- Determine the investment cost associated with contracting out these services as you will need to stagger the implementation because the system is not able to respond to a big-bang implementation approach.
- Understand if there is any potential impact to our funding sources.

Once the above steps have been accomplished, DCFS will need to conduct a Proposition A cost analysis since performance of any County service or activity now being performed or capable of being performed by County employees, falls under Proposition A contracting. In order to receive comprehensive contractor cost estimates, DCFS will need to develop the corresponding statement of work as part of a request for proposals.

Historically, outsourcing has proven to save approximately three to five percent. However, any such savings would be partially reduced by one or two percent due to the need of increasing contracting and monitoring staff to ensure contractor compliance.

In Fiscal Year 2010-11, the staffing levels for Family Maintenance and Reunification (FM&R), and Permanency Planning (PP) case management services is 1,786 full-time equivalents. If these services were to be contracted out, a workforce reduction plan would need to be developed to determine if these County employees would either be employed by the new contractor, absorbed by existing County programs, or laid off.

For purposes of understanding the magnitude of this request, DCFS has provided the Cost Table below to illustrate the total departmental expenditures and corresponding staffing levels associated with back-end case management functions.

Each Supervisor
 March 22, 2011
 Page 3

Program	FTEs	Caseload	Caseload Per FTEs	Annual Cost	Monthly Cost Per Caseload
Generic FM/FR/PP (CSW)	1,226	30,472	25	139,413,378	4,575
SCSW (based on 1:6 ratio)	204			25,389,977	
Intermediate Typist Clerk	103			6,720,611	
Asst Regional Admin	30			4,896,724	
Secretary III	30			2,291,792	
Human Services Aide	103			7,218,752	
Subtotal	1,696			185,931,234	
Generic FM/FR/PP -Trainees	62	1,596	25	7,050,269	4,417
SCSW (based on 1:6 ratio)	10			1,369,067	
Intermediate Typist Clerk	5			326,243	
Asst Regional Admin	1			163,224	
Secretary III	1			76,393	
Human Services Aide	5			350,425	
Subtotal	84			9,335,621	
Management Positions:					
Regional Admin	5			869,335	
Deputy Director, DCFS	1			199,717	
Subtotal	6			1,069,052	
Grand Total	1,786			196,335,907	

If you have any questions or need additional information, please let me know, or have your staff contact Kathy House, Assistant Chief Executive Officer at (213) 974-4530.

WTF:KH:DS

RT:ljp

c: Executive Officer, Board of Supervisors
 Children and Family Services